



Sen. James A. DeLeo

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1 AMENDMENT TO SENATE BILL 552

2 AMENDMENT NO. _____. Amend Senate Bill 552 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by
5 changing Sections 3-110 and 5-212 and by adding Section 5-214.3
6 as follows:

7 (40 ILCS 5/3-110) (from Ch. 108 1/2, par. 3-110)

8 Sec. 3-110. Creditable service.

9 (a) "Creditable service" is the time served by a police
10 officer as a member of a regularly constituted police force of
11 a municipality. In computing creditable service furloughs
12 without pay exceeding 30 days shall not be counted, but all
13 leaves of absence for illness or accident, regardless of
14 length, and all periods of disability retirement for which a
15 police officer has received no disability pension payments
16 under this Article shall be counted.

1 (a-5) Up to 3 years of time during which the police officer
2 receives a disability pension under Section 3-114.1, 3-114.2,
3 3-114.3, or 3-114.6 shall be counted as creditable service,
4 provided that (i) the police officer returns to active service
5 after the disability for a period at least equal to the period
6 for which credit is to be established and (ii) the police
7 officer makes contributions to the fund based on the rates
8 specified in Section 3-125.1 and the salary upon which the
9 disability pension is based. These contributions may be paid at
10 any time prior to the commencement of a retirement pension. The
11 police officer may, but need not, elect to have the
12 contributions deducted from the disability pension or to pay
13 them in installments on a schedule approved by the board. If
14 not deducted from the disability pension, the contributions
15 shall include interest at the rate of 6% per year, compounded
16 annually, from the date for which service credit is being
17 established to the date of payment. If contributions are paid
18 under this subsection (a-5) in excess of those needed to
19 establish the credit, the excess shall be refunded. This
20 subsection (a-5) applies to persons receiving a disability
21 pension under Section 3-114.1, 3-114.2, 3-114.3, or 3-114.6 on
22 the effective date of this amendatory Act of the 91st General
23 Assembly, as well as persons who begin to receive such a
24 disability pension after that date.

25 (b) Creditable service includes all periods of service in
26 the military, naval or air forces of the United States entered

1 upon while an active police officer of a municipality, provided
2 that upon applying for a permanent pension, and in accordance
3 with the rules of the board, the police officer pays into the
4 fund the amount the officer would have contributed if he or she
5 had been a regular contributor during such period, to the
6 extent that the municipality which the police officer served
7 has not made such contributions in the officer's behalf. The
8 total amount of such creditable service shall not exceed 5
9 years, except that any police officer who on July 1, 1973 had
10 more than 5 years of such creditable service shall receive the
11 total amount thereof.

12 (b-5) Creditable service includes all periods of service in
13 the military, naval, or air forces of the United States entered
14 upon before beginning service as an active police officer of a
15 municipality, provided that, in accordance with the rules of
16 the board, the police officer pays into the fund the amount the
17 police officer would have contributed if he or she had been a
18 regular contributor during such period, plus an amount
19 determined by the Board to be equal to the municipality's
20 normal cost of the benefit, plus interest at the actuarially
21 assumed rate calculated from the date the employee last became
22 a police officer under this Article. The total amount of such
23 creditable service shall not exceed 2 years.

24 (c) Creditable service also includes service rendered by a
25 police officer while on leave of absence from a police
26 department to serve as an executive of an organization whose

1 membership consists of members of a police department, subject
2 to the following conditions: (i) the police officer is a
3 participant of a fund established under this Article with at
4 least 10 years of service as a police officer; (ii) the police
5 officer received no credit for such service under any other
6 retirement system, pension fund, or annuity and benefit fund
7 included in this Code; (iii) pursuant to the rules of the board
8 the police officer pays to the fund the amount he or she would
9 have contributed had the officer been an active member of the
10 police department; and (iv) the organization pays a
11 contribution equal to the municipality's normal cost for that
12 period of service.

13 (d) (1) Creditable service also includes periods of
14 service originally established in another police pension
15 fund under this Article or in the Fund established under
16 Article 7 of this Code for which (i) the contributions have
17 been transferred under Section 3-110.7 or Section 7-139.9
18 and (ii) any additional contribution required under
19 paragraph (2) of this subsection has been paid in full in
20 accordance with the requirements of this subsection (d).

21 (2) If the board of the pension fund to which
22 creditable service and related contributions are
23 transferred under Section 3-110.7 or 7-139.9 determines
24 that the amount transferred is less than the true cost to
25 the pension fund of allowing that creditable service to be
26 established, then in order to establish that creditable

1 service the police officer must pay to the pension fund,
2 within the payment period specified in paragraph (3) of
3 this subsection, an additional contribution equal to the
4 difference, as determined by the board in accordance with
5 the rules and procedures adopted under paragraph (6) of
6 this subsection.

7 (3) Except as provided in paragraph (4), the additional
8 contribution must be paid to the board (i) within 5 years
9 from the date of the transfer of contributions under
10 Section 3-110.7 or 7-139.9 and (ii) before the police
11 officer terminates service with the fund. The additional
12 contribution may be paid in a lump sum or in accordance
13 with a schedule of installment payments authorized by the
14 board.

15 (4) If the police officer dies in service before
16 payment in full has been made and before the expiration of
17 the 5-year payment period, the surviving spouse of the
18 officer may elect to pay the unpaid amount on the officer's
19 behalf within 6 months after the date of death, in which
20 case the creditable service shall be granted as though the
21 deceased police officer had paid the remaining balance on
22 the day before the date of death.

23 (5) If the additional contribution is not paid in full
24 within the required time, the creditable service shall not
25 be granted and the police officer (or the officer's
26 surviving spouse or estate) shall be entitled to receive a

1 refund of (i) any partial payment of the additional
2 contribution that has been made by the police officer and
3 (ii) those portions of the amounts transferred under
4 subdivision (a)(1) of Section 3-110.7 or subdivisions
5 (a)(1) and (a)(3) of Section 7-139.9 that represent
6 employee contributions paid by the police officer (but not
7 the accumulated interest on those contributions) and
8 interest paid by the police officer to the prior pension
9 fund in order to reinstate service terminated by acceptance
10 of a refund.

11 At the time of paying a refund under this item (5), the
12 pension fund shall also repay to the pension fund from
13 which the contributions were transferred under Section
14 3-110.7 or 7-139.9 the amount originally transferred under
15 subdivision (a)(2) of that Section, plus interest at the
16 rate of 6% per year, compounded annually, from the date of
17 the original transfer to the date of repayment. Amounts
18 repaid to the Article 7 fund under this provision shall be
19 credited to the appropriate municipality.

20 Transferred credit that is not granted due to failure
21 to pay the additional contribution within the required time
22 is lost; it may not be transferred to another pension fund
23 and may not be reinstated in the pension fund from which it
24 was transferred.

25 (6) The Public Employee Pension Fund Division of the
26 Department of Insurance shall establish by rule the manner

1 of making the calculation required under paragraph (2) of
2 this subsection, taking into account the appropriate
3 actuarial assumptions; the police officer's service, age,
4 and salary history; the level of funding of the pension
5 fund to which the credits are being transferred; and any
6 other factors that the Division determines to be relevant.
7 The rules may require that all calculations made under
8 paragraph (2) be reported to the Division by the board
9 performing the calculation, together with documentation of
10 the creditable service to be transferred, the amounts of
11 contributions and interest to be transferred, the manner in
12 which the calculation was performed, the numbers relied
13 upon in making the calculation, the results of the
14 calculation, and any other information the Division may
15 deem useful.

16 (e) (1) Creditable service also includes periods of
17 service originally established in the Fund established
18 under Article 7 of this Code for which the contributions
19 have been transferred under Section 7-139.11.

20 (2) If the board of the pension fund to which
21 creditable service and related contributions are
22 transferred under Section 7-139.11 determines that the
23 amount transferred is less than the true cost to the
24 pension fund of allowing that creditable service to be
25 established, then the amount of creditable service the
26 police officer may establish under this subsection (e)

1 shall be reduced by an amount equal to the difference, as
2 determined by the board in accordance with the rules and
3 procedures adopted under paragraph (3) of this subsection.

4 (3) The Public Pension Division of the Department of
5 Financial and Professional Regulation shall establish by
6 rule the manner of making the calculation required under
7 paragraph (2) of this subsection, taking into account the
8 appropriate actuarial assumptions; the police officer's
9 service, age, and salary history; the level of funding of
10 the pension fund to which the credits are being
11 transferred; and any other factors that the Division
12 determines to be relevant. The rules may require that all
13 calculations made under paragraph (2) be reported to the
14 Division by the board performing the calculation, together
15 with documentation of the creditable service to be
16 transferred, the amounts of contributions and interest to
17 be transferred, the manner in which the calculation was
18 performed, the numbers relied upon in making the
19 calculation, the results of the calculation, and any other
20 information the Division may deem useful.

21 (4) Until January 1, 2010, a police officer who
22 transferred service from the Fund established under
23 Article 7 of this Code under the provisions of Public Act
24 94-356 may establish additional credit, but only for the
25 amount of the service credit reduction in that transfer, as
26 calculated under paragraph (3) of this subsection (e). This

1 credit may be established upon payment by the police
2 officer of an amount to be determined by the board, equal
3 to (1) the amount that would have been contributed as
4 employee and employer contributions had all of the service
5 been as an employee under this Article, plus interest
6 thereon at the rate of 6% per year, compounded annually
7 from the date of service to the date of transfer, less (2)
8 the total amount transferred from the Article 7 Fund, plus
9 (3) interest on the difference at the rate of 6% per year,
10 compounded annually, from the date of the transfer to the
11 date of payment. The additional service credit is allowed
12 under this amendatory Act of the 95th General Assembly
13 notwithstanding the provisions of Article 7 terminating
14 all transferred credits on the date of transfer.

15 (Source: P.A. 94-356, eff. 7-29-05; 95-812, eff. 8-13-08.)

16 (40 ILCS 5/5-212) (from Ch. 108 1/2, par. 5-212)

17 Sec. 5-212. Computation of service. In computing the
18 service rendered by a policeman prior to the effective date,
19 the following periods shall be counted, in addition to all
20 periods during where he performed the duties of his position,
21 as periods of service for annuity purposes only: all periods of
22 (a) vacation; (b) leave of absence with whole or part pay; (c)
23 leave of absence without pay on account of disability; and (d)
24 leave of absence during which the policeman was engaged in the
25 military or naval service of the United States of America.

1 Service credit shall not be allowed for a policeman in receipt
2 of a pension on account of disability from any pension fund
3 superseded by this fund.

4 In computing the service rendered by a policeman on or
5 after the effective date, the following periods shall be
6 counted, in addition to all periods during which he performed
7 the duties of his position, as periods of service for annuity
8 purposes only: all periods of (a) vacation; (b) leave of
9 absence with whole or part pay; (c) leave of absence during
10 which the policeman was engaged in the military or naval
11 service of the United States of America; (d) time that the
12 policeman was engaged in the military or naval service of the
13 United States of America, during which he was passed over on
14 any eligible list posted from an entrance examination, due to
15 the fact that he was in such military or naval service at the
16 time he was called for appointment to the Police Department, to
17 be computed from the date he was passed over on any eligible
18 list and would have been first sworn in as a policeman had he
19 not been engaged in the military or naval service of the United
20 States of America, until the date of his discharge from such
21 military or naval service; provided that such policeman shall
22 pay into this Fund the same amount that would have been
23 deducted from his salary had he been a policeman during the
24 aforementioned portion of such military or naval service; (e)
25 disability for which the policeman receives any disability
26 benefit; (f) disability for which the policeman receives whole

1 or part pay; ~~and~~ (g) service for which credits and creditable
2 service have been transferred to this Fund under Section
3 9-121.1, 14-105.1 or 15-134.3 of this Code; and (h) periods of
4 service in the military, naval, or air forces of the United
5 States entered upon before beginning service as an active
6 policeman of a municipality as provided in Section 5-214.3.

7 In computing service on or after the effective date for
8 ordinary disability benefit, all periods described in the
9 preceding paragraph, except any such period for which a
10 policeman receives ordinary disability benefit, shall be
11 counted as periods of service.

12 In computing service for any of the purposes of this
13 Article, no credit shall be given for any period during which a
14 policeman was not rendering active service because of his
15 discharge from the service, unless proceedings to test the
16 legality of the discharge are filed in a court of competent
17 jurisdiction within one year from the date of discharge and a
18 final judgment is entered therein declaring the discharge
19 illegal.

20 No overtime or extra service shall be included in computing
21 service of a policeman and not more than one year or a
22 fractional part thereof of service shall be allowed for service
23 rendered during any calendar year.

24 In computing service for any of the purposes of this
25 Article, credit shall be given for any periods during which a
26 policeman who is a member of the General Assembly is on leave

1 of absence or is otherwise authorized to be absent from duty to
2 enable him or her to perform legislative duties,
3 notwithstanding any reduction in salary for such periods and
4 notwithstanding that the contributions paid by the policeman
5 were based on a reduced salary rather than the full amount of
6 salary attached to his or her career service rank.

7 (Source: P.A. 92-52, eff. 7-12-01.)

8 (40 ILCS 5/5-214.3 new)

9 Sec. 5-214.3. Credit for military service. A policeman may
10 establish creditable service under this Article for all periods
11 of service in the military, naval, or air forces of the United
12 States entered upon before beginning service as an active
13 policeman of a municipality, provided that the policeman pays
14 into the fund the amount the policeman would have contributed
15 if he or she had been a regular contributor during such period,
16 plus an amount determined by the Board to be equal to the
17 municipality's normal cost of the benefit, plus interest at the
18 actuarially assumed rate calculated from the date the employee
19 last became a policeman under this Article. The total amount of
20 such creditable service shall not exceed 2 years.

21 Section 90. The State Mandates Act is amended by adding
22 Section 8.33 as follows:

23 (30 ILCS 805/8.33 new)

1 Sec. 8.33. Exempt mandate. Notwithstanding Sections 6 and 8
2 of this Act, no reimbursement by the State is required for the
3 implementation of any mandate created by this amendatory Act of
4 the 96th General Assembly.

5 Section 99. Effective date. This Act takes effect upon
6 becoming law.".